

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 SWF-02 AID-20 CEA-02 CIAE-00 COME-00

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AMEMBASSY LUXEMBOURG

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E.O. 11652: N/A

TAGS: UK, EEC, PFOR

SUBJECT: PESSIMISM OVER EC RENEGOTIATION

1. AFTER PONDERING FOREIGN SECRETARY CALLAGHAN'S PERFORMANCE IN LUXEMBOURG, APRIL 1-2, FOR THE BETTER PART OF A WEEK, SOME OF BRITAIN'S LEADING POLITICAL OBSERVERS ARE STARTING TO SOUND DISTINCTLY PESSIMISTIC ABOUT THE CHANCES THAT BRITAIN WILL REMAIN IN THE EC. THEIR VIEWS ARE IN MARKED CONTRAST TO THE ALMOST FORCED OPTIMISM THAT CHARACTERIZED THE INITIAL EDITORIAL COMMENT IN THE BRITISH PRESS (LONDON 4130).

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2. WE HAVE ALREADY TRANSMITTED A PRECIS OF A VERY

PERCEPTIVE ARTICLE BY THE WIDELY RESPECTED POLITICAL PUNDIT, DAVID WATT, THAT APPEARED IN THE "FINANCIAL TIMES" APRIL 5 (LONDON 4363). HE URGES BRITAIN'S EC PARTNERS TO PLAY FOR TIME, BUT FEARS THAT IN THE END A REFERENDUM WILL BE UNAVOIDABLE. AT WORST, HE FORESEES BRITISH WITHDRAWAL; AT BEST, THE SORRY PROSPECT OF A STATIC EC.

3. FRANK GILES, WRITING ON THE EDITORIAL PAGE OF THE "SUNDAY TIMES," APRIL 7, IS SCARCELY MORE HOPEFUL. HE CHIDES CALLAGHAN FOR APPROACHING RENEGOTIATION WITH ALL THE TACT AND UNDERSTANDING OF "A MAN TRYING TO SET UP A FRIED BACON STALL OUTSIDE A SYNAGOGUE," BUT DOES NOT RULE OUT THE SLIGHT POSSIBILITY THAT HE MAY BE ENGAGED IN "ONE OF THE BIGGEST BITS OF PLAY-ACTING IN ALL HISTORY." LIKE WATT, GILES REGARDS THE DELAYED TIMETABLE CAUSED BY POMPIDOU'S DEATH AS marginally helpful insofar as it gives CALLAGHAN AND HIS COLLEAGUES THE OPPORTUNITY TO LEARN A LITTLE MORE ABOUT "THE REALITIES OF MODERN EUROPE." THAT IT MAY LEAD TO A BETTER FUNCTIONING, MORE POPULAR EUROPE, HOWEVER, IS A PROSPECT, HE ADMITS, THAT "CALLS FOR AN ALMOST HEROIC DEGREE OF OPTIMISM."

4. ON THIS SAME SUBJECT, DAVID WOOD, POLITICAL EDITOR OF THE "TIMES," HAS AN ARTICLE ON THE EDITORIAL PAGE TODAY (APRIL 8) CAPTIONED, "LOSING FRIENDS, INFLUENCING NOBODY." WOOD SEES CALLAGHAN AS A POLITICAL LEADER WITH A SUPREME INSTINCT FOR SENSING AND KEEPING IN STEP WITH MAJORITY FEELING IN THE LABOR PARTY; ONE WHO WILL PLACE THE MAINTENANCE OF PARTY UNITY AHEAD OF WESTERN EUROPEAN UNITY. WOOD VIEWS THE LABOR PARTY AS EXTREMELY INSULAR AND IDEOLOGICALLY HOSTILE TO THE EC AS "A CAPITALIST CONSPIRACY." IN CONCLUSION, HE FINDS IT "INCONCEIVABLE THAT THE EIGHT COULD ACCEPT DEMANDS THAT MUST REDUCE THE EEC TO A LOOSE TRADING ORGANIZATION, AND INCONCEIVABLE THAT MR. CALLAGHAN WOULD BE WILLING TO SPLIT HIS PARTY BY ACCEPTING LESS."

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5. COMMENT: THE MOOD OF BRITISH POLITICAL OBSERVERS IS LIKELY TO RISE AND FALL MANY TIMES AS THE RENEGOTIATION PROCESS UNFOLDS, BUT A LITTLE HEALTHY PESSIMISM IS CERTAINLY IN ORDER, GIVEN THE HIGH NUMBER OF ROGUE FACTORS IN PLAY. DICK TAVERNE, APOSTATE LABOR MP AND ARDENT PRO-MARKETEER, SHARES IN THIS CURRENT SENSE OF GLOOM. HE TOLD EMBOFF APRIL 6 THAT LABOR HAS MADE A REFERENDUM UNAVOIDABLE, AND THAT ITS OUTCOME IS DOUBTFUL. IN THE END, HE STILL LOOKS TO ROY JENKINS -- WHO HAS THUS FAR REMAINED PRUDENTLY SILENT ON THE ISSUE --

TO SAVE THE DAY FOR EUROPE.

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